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Universities that base their priorities on the availability of government funds rather than on carefully designed institutional goals and realistic calculations of their resources often overextend their financial resources. Since participation in federal programs requires a commitment of institutional funds, the reduction or curtailment of federal support could result in financial disaster for such institutions. The project system, on which the federal government has relied to support good programs that were directed toward worthy national goals, now needs improvement. Congress should be persuaded to finance undergraduate institutions as institutions so that sustained support may be provided for higher education programs. Regional accrediting should be enhanced, and funds provided --through an egalitarian formula approach-- to the most distinguished institutions as well as to those which meet only minimal standards. University needs for teaching assistants in undergraduate schools could be met through this formula support. The graduate fellowship program could be expanded, and all federal agencies could provide sustained support for basic research. The federal government should undertake virtually total support of medical education, and continue to provide funds for college housing, academic facilities, and undergraduate student aid. A prime goal of all federal programs must be to help institutions keep down the charges they must levy on students. (WM)

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FEDERAL FINANCING AND UNIVERSITY GOALS

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HE 000 559

Federal Financing and University Goals*

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I have taken as the title for my paper this morning the topic of this session exactly as it appears in your program--Federal Financing and University Goals. It is clear and straightforward and should cause none of you difficulty--until you begin to think about it.

As I begin, I am reminded of the dialogue between Alice and the March Hare. You will recall that the Hare said to Alice, "You should say what you mean." And Alice responded, "I do! At least--at least I mean what I say; that's the same thing, you know."

"Not the same thing a bit," said the Hatter. "Why you might as well say that 'I see what I eat' is the same thing as 'I eat what I see'!"

What we should be discussing this morning is University Goals and Federal Financing. That is not, as I see it, the same thing at all as Federal Financing and University Goals.

I am not one who believes that the enormous growth of Federal financing we have experienced in the last decade or so has hopelessly prostituted our institutions of higher education. Some have undoubtedly remained pristine in their innocence. Others have at worst engaged in an occasional night out on the town and have survived and maybe even enjoyed the experience. Nevertheless, I sense a concern in the Congress--perhaps even a growing concern--that university priorities are too often determined by the availability of Federal funding and that expansion of curriculum, pursuit of new research interests, and involvement in additional service enterprises are undertaken not so much because a given institution has defined these as appropriate goals but because Federal funds are available to support them.

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In my post at the pivot point of the university-Government worlds, I hear institutions asking two different questions. The first runs like this: "After careful study of our long-range goals and of our available resources, we have decided to inaugurate such and such a program. Is there anywhere in the Government that we might find support?" The second runs like this: "After careful study of published figures, we have concluded that we are receiving far less in Federal funds than an institution of our size should have a right to expect. How can we increase the amount we receive?"

I think it can be demonstrated that for the first kind of institution, to the extent that it has been faithful in its approach, the effect of Federal programs has been almost totally beneficent. If it has decided to dip modestly into the development of a department of radio astronomy, plunge recklessly into the field of high energy physics, or flirt with bankruptcy by opening a medical school, it presumably has known what it was doing and has found major assistance at the Federal level. It has protested limitation on indirect costs and more lately compulsory cost-sharing. It has found the Government more demanding and more costly to deal with than other sponsors such as foundations, or industry, or wealthy alumni. But these have been inconveniencing, not crippling, factors--problems to be worked away at and to be solved when the climate is right.

For the second group of questioners, the story has been different. For them, to the degree that they have been successful in securing Federal funds, the effect may have been either beneficent or deleterious, and many of them may not yet know which. In fact, they may not even know that there is a question.

Perhaps at this point it would be well to cite one or two examples of what I mean. In 1958, the Congress passed the National Defense Education Act, establishing under Title IV a program with which you are all familiar--the National Defense Fellowships. The clear purpose of the program has been to produce more college teachers and to do so by encouraging institutions that did not offer the Ph.D. to do so and by encouraging expansion in existing doctoral programs. Probably only a minority in higher education would oppose these goals from the point of view of national objectives. But what of the institutions that have responded to the opportunity? This group need not be reminded that doctoral programs are costly to initiate and still costlier to sustain. A handful of fellowships each year, no matter what cost-of-education grant accompanies them, can scarcely underwrite those costs. Furthermore, the uncertainty of the annual appropriation process set side by side with the certainty of university commitments to tenure faculty and to amortizing loans that have provided classroom, laboratory, and library space makes new ventures launched with inadequate resources hazardous indeed.

The reduction in new NDEA fellowships next year will probably not have devastating effects financially on most institutions. But what will happen if the reduction is continued for the following year and the year after that? Or a more dramatic illustration--what is going to be the effect on those institutions that have developed strong programs in, let us say, materials sciences, largely with the support of the NASA sustaining university program? With that program cut to the bone and its traineeships a thing of the past, it is my impression that some institutions are so overextended that financial disaster could result.

Let us take a simpler example. Some years before the Office of Economic Opportunity pulled together a group of similar individual proposals and packaged them under the label Upward Bound, a number of institutions had

committed resources of their own to programs designed to rescue promising youngsters from the inadequate schooling of the ghettos. For them Upward Bound came as a boon. It provided Federal funds to supplement their own, to expand their work, and to improve its quality.

Well over a hundred other institutions have joined the program, largely because it was there. From one point of view we can only applaud their decision. They are helping with the solution of one of the nation's desperate problems. But from another point of view one must view their decision as unwise. I have a fairly formidable file of letters protesting the severe financial strains occasioned by the program. OEO's severe curtailment on payment of indirect costs and its requirement of 20 per cent matching of direct costs has forced many institutions to siphon funds away from their basic, fundamental programs of undergraduate instruction in order to keep Upward Bound going.

Wherever you look the story is the same. A decision to participate in a Federal program automatically entails a decision to commit institutional funds. In a very real sense the decision-maker is cast in the role of the gambler, and an amateur gambler at that. The professional can insist on knowing the odds, can demand that the rules of the game remain unchanged, and never enter the play unless his bankroll is big enough for him to keep his seat at the table. The university decision-maker is not in that position, unless he has deliberately limited his play to a low-stake game. I fear that for some university decision-makers the fiscal year or two years ahead will put to severe test the wisdom with which they have calculated the odds and assessed the adequacy of their resources.

As I write this paper no one in or out of the Federal Government knows how or where Federal support either in terms of spending or of new obligations will be cut. It is fair to assume, however, that the cuts will be heavy across

the whole field of basic research. Even support for which moral commitments have been made in all good faith by Executive agencies is likely to be reduced. Notice of renewals will be slower. In the past it has not been at all unusual for institutions to keep a research program going for as long as six months without formal renewal, simply because of faith that the renewal would eventually come through. The only alternative was to dismantle the project, reassign personnel, and disrupt the on-going work of the institution. The decision was, for most institutions, a relatively easy one--a good gamble. In the years immediately ahead, the decision will not be so easy nor the gamble so good.

Despite all I have said, I should like to return to my initial theme that for many institutions, with carefully defined goals and realistic calculations of their resources, Federal support has been almost completely beneficent. The programs supported by the Government have been good programs; the national goals they have been directed towards have been worthy goals. The so-called project system on which we have almost exclusively relied needs no defense; the achievements it has produced speak for themselves. I know literally no one concerned with higher education who would scrap it.

What we must do to improve the project system involves the political process. We must persuade the Congress of the need for <u>sustained</u> support of programs once they are undertaken. And we must do this, not by exhortation and expressions of moral outrage, but by demonstration of the waste, the disruption, and the false starts occasioned by the fitful turning on and off of faucets. It may be reasonable--I am not sure it is--for foundations to provide "seed money" to help institutions get programs off the ground and then pull out on the premise that every ship must eventually sail on its own bottom. But I am convinced that this foundation approach has little place in Government. If you agree, you must help persuade Government that it has not.

But beyond all this, I am convinced that the project approach, the national goal approach, has reached the limit of its usefulness. It has been built without architectural design, much as New England farmhouses developed as, every nine months, there came a clear need for an additional room. The structure is not bad, but no one in his right mind would design it that way.

What is needed now is a firm commitment on the part of the Federal Government to the support of institutions of higher education as institutions. The Congress can, should, and will identify national needs, national shortages, national objectives. It knows we need more doctors; it can write a program to produce them. It knows we need more nurses; it can write a program to produce them. It knows that bedside care is woefully inadequate while professional nursing supervisors almost outnumber those they are supervising, and it can, despite terrific lobby pressure, write nurse-training legislation to redress the balance.

But I believe broader institutional support would make some of these categorical programs unnecessary. In the long run the law of natural selection will prevail if institutions of higher education are given support for their broad purposes and are given the resources to go about their business. If NDEA fellowships have produced a greater supply of college teachers, it is because they have produced a greater number of Ph.D.'s, a certain percentage of whom inevitably were attracted to the academic life. If NASA traineeships have produced a greater number of space scientists--whatever the term may mean--it is because inevitably a certain percentage of scientifically trained men would be attracted to work on one of our last two frontiers.

What I am saying is that categorical support has probably had general effect, but it is always open to challenge, and if it is oversold, it can result in disillusionment, for the Congress can find that it did not accomplish what it set out to accomplish. It is time for us now to argue that general support can have categorical effects--that the support of the higher education enterprise, if that support is adequate, can produce what the nation needs across the entire spectrum of national concerns.

The exercise will not be an easy one. There is first the question of which institutions shall be supported. We all know that we have hosts of institutions that work under the label of higher education but are so bad that they serve little useful purpose. There are others equally bad that bear the higher education label and yet are serving such an essential national purpose that they must be preserved and strengthened. My own private view--and because of my official position I wish to underline the fact that it <u>is</u> a private view--is that regional accrediting must be greatly strengthened. The obverse side of that is that regional disaccrediting must be greatly increased. For institutions that would in such a process be excluded from Federal support there must be set up a committee or commission of our best minds to examine their potentiality and utility in order to determine whether they should be flushed down the drain or receive massive infusions of Federal funds, along the lines of Title III of the Higher Education Act of 1965, in order that they may properly fulfill their functions.

Once we have gone through that exercise, or as we are going through it, I believe we should move to a formula approach for the institutions. This will be an egalitarian process. It will provide Federal funds in equal measure to our most distinguished institutions and to those which meet only minimal standards. I see no other way to approach the problem, for if one tried to apply qualitative standards beyond firmly established minima, subjective judgments would have to come into play, and we would be back again in the proposal-project area.

Any formula that is developed must give consideration to several levels of work in institutions of higher education. The community and junior colleges are inevitably going to take care of the needs of an increasing portion of students in higher education. For many, the experience will be terminal; and this is all the more reason that it be of decent quality. For many others it will be the first step toward more advanced education in our higher institutions. Again all the more reason it should be of decent quality.

Our four-year institutions are on the run, seeking a role they once knew they fulfilled, fear now they have lost, and seek to reinstate. They pride themselves that historically they have been the prime producers of those who ultimately won the Ph.D., assert that they still fulfill that role, but are far from sure that they can continue to play it. I am not sure that in the summer of 1968 they are prime producers, but I am convinced that in the years ahead they must be, if only because the undergraduate colleges of the major universities are totally incapable of supplying all the top level manpower that our graduate and professional schools will demand. I say to you as graduate deans that you have a huge stake in the strengthening of undergraduate, non-university four-year colleges. Whatever your present preoccupations may be, part of your future will be written there.

I am far less concerned with formula support for a graduate education. I am not even sure that it is the proper vehicle. Formula support might well encourage institutions with inadequate resources to expand endlessly into doctoral programs which could only water down and cheapen the quality of our university product. I am inclined to think that our present processes are better designed to sustain quality than any formula approach could be. That is to say, such programs as the National Science Foundation's Science Development Awards, which admittedly require subjective judgment, are better

suited to the needs of graduate education than any formula approach could be. Put in another way, I suggest that the British University Grants Commission approach might work for graduate education in this country, although it would be a manifest absurdity if it were applied to undergraduate education in a nation that is already committed to provide that education for a majority of its population. If you accept my proposition, you may well ask how the day-to-day operating expenses of graduate education are to be underwritten. I think the answer comes in three parts.

First, we should have a greatly expanded fellowship program with each fellowship carrying with it a cost-of-education grant adjusted upward each year to recognize the increased cost of education. There is, as you know, a proposal now before the Congress to increase this grant from $2500 to $3500 annually.

Second, there should be a sustained and unfluctuating commitment on the part of all Federal agencies toward the support of basic and undirected research. No proposal for research support should be funded by the Federal Government unless an integral part of that support was to be used for graduate student research assistants. Routine testing and development, or research not involving graduate students, should be channeled off to profit-making enterprise or to the so-called non-profit laboratories.

Third, the needs of our universities for teaching assistants in their undergraduate schools could be taken care of by the undergraduate formula support I have previously suggested.

This leaves out of consideration two important areas. One is the professional school, such as law and business administration. I suggest that here the expense of sustaining these programs is probably not much greater than that of sustaining upper-level undergraduate work. In fact, there is a widespread suspicion that even now law school tuitions are underwriting more expensive university programs, such as engineering and the physical sciences.

Second, medical education with its commitment to research and above all to patient care must undoubtedly be treated separately. I would venture to guess that between one-quarter and one-third of all of our medical schools would now be in bankruptcy if it were not for the support they are draining away from general university funds. In fact, if something is not done about this within the next five years, the parent institutions themselves may well be in bankruptcy. I see no long-range solution except for the Federal Government to undertake virtually total support of medical education in this country. But whether it does or not, I think it inevitable that the problem will be viewed as a discrete one and not subject to any generalized support for higher education.

Undergirding these proposals there would, of course, be a need to continue certain of our categorical programs and probably to institute new ones as the technology of education develops.

The required educational plant can scarcely be provided through a formula approach. So I see a need for the Government to continue both its college housing and its academic facilities programs. It makes little sense any longer for institutions to use current funds, which might better be used for academic programs, to purchase bricks and mortar to build structures that will have a useful life of forty to sixty or more years. We should be fighting, as we have been, for an increased Federal share in facilities grants and for retention of low or subsidized interest rates. The reason is simple: the Government must help us keep down the charges we have to levy on students. We must also work toward amendments that will permit plant renovation and replacement as well as expansion. The reason is again simple; it is inefficient and expensive to operate obsolescent or obsolete facilities.

Second, and perhaps more important, there must be continuation and expansion of existing undergraduate student aid programs. This is not a partisan issue. Republicans and Democrats can and do differ on means, but not on ends. Both are committed to the proposition that higher education must be available to all who aspire to and can profit from it, without regard to financial means. But such statements have a hollow ring as long as appropriations fall far short of demonstrated need. The pattern of our existing programs--the combination of grants and loans and work--seems well suited to meet the demands of the future--with one important proviso. It must not and cannot be regarded as the base for financing higher education. A prime goal of all Federal programs, as I have suggested before, must be to help institutions keep their charges down. Institutional support, the provision of facilities, and more realistic payment for university services--the things we have been discussing this morning--are paths toward that goal. Student aid programs could then continue to be what they should be--vehicles for providing access to higher education for students of below average means. It seems to me madness to propose, as some have done, that the pricing of education be allowed to approximate its cost, and then to provide access by ever expanded, ever more complex, administratively monstrous forms of student assistance.

There are undoubtedly other categorical programs which must be continued, but we have much homework to do to identify them. Shocking as such a statement may be, I believe we should be striving to reduce their numbers. Our goal should be simplification and consolidation. It should be the treatment of the higher education enterprise as an entity. That well-known gadfly, H.R. Gross of Iowa, for one brief shining moment once attached an amendment to an agriculture bill which prohibited the employment of more people in the Department of Agriculture than there are farmers in the United States. We must guard against the possibility that our programs of Federal aid to education become so numerous that there will be more people administering them than there are aided by them.

The job of all of us, be we graduate deans or associational bureaucrats, is to work on the basic design, exchange ideas, hammer out our differences, and accommodate our own vested interests and concerns to the greater good of the total educational community, so that we may be in a position to present that design to what I believe will be a willing Congress and nation.